

COST PLUS CONTRACT

Lompoc Skilled Nursing & Rehabilitation Center – Lompoc, CA

The Lompoc Skilled Nursing & Rehabilitation Center is an approx. 45,000 s.f. skilled nursing facility designed to meet the needs of patients requiring both short term and long term convalescent care. The building was designed and constructed to meet California's most stringent code requirements as regulated by the Office of Statewide Health Planning & Development (OSHPD).



Because the project was one owned and developed by California Gold Development exclusively, the company had no hesitation employing a Cost Plus approach to the construction contract. Having the confidence to get the job done coupled with the motivation to construct it as inexpensively as possible, a Cost Plus agreement was the best solution to add value to the ownership group.

Under this scenario, California Gold experienced both the advantages and disadvantages that come with assuming greater construction risk as one might expect. The initial schedule for the project called for it to be built in 14 months. The actual construction was completed in just over 12 months despite several delays in permitting which were eventually overcome by some out of the box management. California Gold's tenacity was on full display when it made a trip to Sacramento to facilitate the permit processing in person. Tom DeBakker, the OSHPD Fire Marshal on the project said he had never before seen an owner willing to go to the lengths that California Gold did to ensure their project was kept on track. Without such an effort, the schedule surely would have been jeopardized. Investors and stakeholders appreciate it when a company respects the time value of money as if it is their own and acts with a sense of urgency to get something done. This is yet another example of how California Gold adds value.



In addition, the project entitlements which included Design Review, Planning Commission, and City Council approval were all completed in less than 90 days. In order to achieve this, every mandatory project notice timeline and staff review period were kept to the statutory minimums. In short, the project was delivered ahead of schedule and improved upon the budget by a margin of 4%.